





DUDLEY KNOX LIBRARY  
NAVAL POSTGRADUATE SCHOOL  
MONTEREY, CALIF.

15





# NAVAL POSTGRADUATE SCHOOL

## Monterey, California



# THESIS

FEDERAL LAND MANAGEMENT DECISIONS RELATED  
TO EXECUTIVE ORDER 12348

by

N. Dawn McAnally

June 1984

Thesis Advisor:

P. M. Carrick

Approved for public release; distribution unlimited.

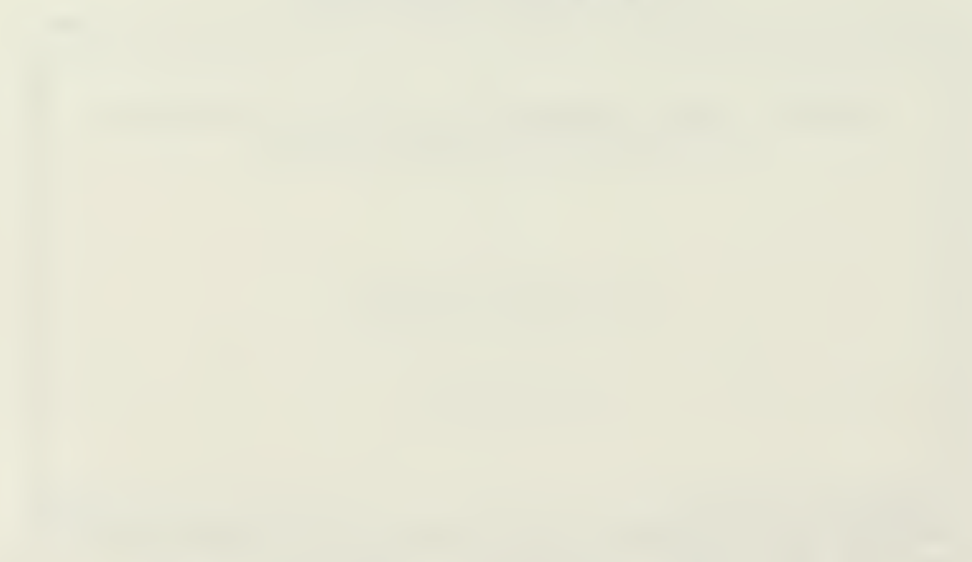
**217467**

# THE NEW YORK PUBLIC LIBRARY

ASTEN LENOX TILDEN FOUNDATION



ASTEN LENOX TILDEN FOUNDATION



502-2371

UNCLASSIFIED

DUDLEY KNOX LEBN...  
NAVAL POSTGRADUATE SCHOOL  
MONTEREY, CALIFORNIA 93943

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle)  Federal Land Management Decisions Related to Executive Order 12348		5. TYPE OF REPORT & PERIOD COVERED Master's Thesis; June 1984
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s)  N. Dawn McAnally		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS Naval Postgraduate School Monterey, California 93943		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS Naval Postgraduate School Monterey, California 93943		12. REPORT DATE June 1984
		13. NUMBER OF PAGES 82
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) Unclassified
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report)  Approved for public release; distribution unlimited.		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number)  Federal Land Management Department of Defense Land Management Executive Order 12348 Defense Management		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number)  This thesis identifies issues surrounding Federal Land Management decisions which relate to Executive Order (E.O.) 12348. It provides a history of the Federal Land Management Program, discussing related executive actions preceding E.O. 12348. The incentives and objectives affecting individual decision makers are examined to determine effects on land management actions. Public perceptions which influence incentives		





## #20 - ABSTRACT - (CONTINUED)

of individual decision makers are revealed within the thesis. Results of E.O. 12348 are analyzed to determine the necessity of providing appropriate incentives to decision makers involved in future land management actions.



Approved for public release; distribution unlimited.

Federal Land Management Decisions Related  
to Executive Order 12348

by

N. Dawn McAnally  
Lieutenant Commander, United States Navy  
B.S., University of Texas, 1971

Submitted in partial fulfillment of the  
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL

June 1984





## ABSTRACT

This thesis identifies issues surrounding Federal Land Management decisions which relate to Executive Order (E.O.) 12348. It provides a history of the Federal Land Management Program, discussing related executive actions preceding E.O. 12348. The incentives and objectives affecting individual decision makers are examined to determine effects on land management actions. Public perceptions which influence incentives of individual decision makers are revealed within the thesis. Results of E.O. 12348 are analyzed to determine the necessity of providing appropriate incentives to decision makers involved in future land management actions.



## TABLE OF CONTENTS

I.	INTRODUCTION -----	8
II.	HISTORY OF THE GOVERNMENT'S LAND MANAGEMENT PROGRAM -----	10
	A. BACKGROUND -----	10
	B. FEDERAL PROPERTY DISPOSAL -----	18
	C. PRIOR EXECUTIVE ORDERS ON PROPERTY DISPOSAL --	19
	1. E.O. 11508 -----	19
	2. E.O. 11724 -----	24
	3. E.O. 11954 -----	25
	4. E.O. 12030 -----	25
	D. IMPLEMENTATION OF E.O. 12348 -----	25
III.	OBJECTIVES, INCENTIVES AND PERCEPTIONS OF PARTICIPANTS -----	36
	A. DEPARTMENT OF DEFENSE OBJECTIVES -----	37
	B. EXECUTIVE OFFICIAL OBJECTIVES -----	39
	C. PUBLIC PERCEPTIONS -----	40
	D. CONGRESSIONAL INCENTIVES -----	55
	E. GSA INCENTIVES -----	59
IV.	PROGRAM RESULTS AND ONGOING ISSUES -----	61
	A. GSA ACCOMPLISHMENTS -----	61
	B. SALE AND REPLACEMENT -----	71
V.	SUMMARY AND CONCLUSIONS -----	73
	A. SUMMARY -----	73
	B. CONCLUSIONS -----	75





LIST OF REFERENCES -----	79
INITIAL DISTRIBUTION LIST -----	82



## LIST OF TABLES

1.	Percent of Land Owned by the Federal Government ---	14
2.	Value of Real Property Owned by Various Military Branches -----	15
3.	Statement of Receipts by Source -----	17
4.	Army Installations To Be Surveyed--1983 -----	31
5.	Navy Installations To Be Surveyed--1983 -----	32
6.	Air Force Installations To Be Surveyed--1983 -----	33
7.	Office of Real Property (GSA) Regional Summary (FY 83) -----	65
8.	GSA Inventory (FY 79-FY 83) -----	66
9.	Executive Order Surveys (FY 70-FY 83) -----	67
10.	Office of Real Property Disposal Summary (FY 79-FY 83) -----	70





## I. INTRODUCTION

This thesis examines the U.S. Government's Land Management Program in relation to the implementation of Executive Order (E.O.) 12348 of 25 February 1982. The issue of excess property disposal, as directed by E.O. 12348, has been extremely sensitive and controversial. Concentration will primarily be on Department of Defense land holdings and related disposal actions resulting from E.O. 12348. Public perceptions of the Land Management Program will be revealed as well as the causes surrounding certain real property actions. The various organizations and individual actors involved, as well as their incentives and objectives for decision making, will be discussed.

The method of research was primarily the extraction of information and reference material from the participating Department of Defense organizations. Other sources of data included literature on Defense management, newspaper articles, journals, other theses, General Accounting Office (GAO) reports, General Services Administration (GSA) reports, Property Review Board reports, and Congressional hearings/reports. All sources used in the research were unclassified.

The history of the Government's Land Management Program and an overview of existing Government land holdings, is



included in Chapter I. This thesis reviews previous land disposition policies and related legislative actions and proposals. The incentives and objectives affecting individual decision makers will be discussed as related within the Bureaucratics Politics decision model. The public perceptions evolving from what appears to be a system of inefficiency, waste, and misuse, is explained within this thesis, as well as interpretation of the complex process creating these perceptions. Results of E.O. 12348 will be analyzed to determine the necessity of providing appropriate incentives to decision makers involved in future land management actions.





## II. HISTORY OF THE GOVERNMENT'S LAND MANAGEMENT PROGRAM

### A. BACKGROUND

Chapter II will provide an overview of Federal land management in the United States and discuss historical events preceding Executive Order 12348.

Decisions in the United States concerning the use of land for defense purposes are made within complex organizational arrangements. The interested participants include the military services as demanders of land resource, Department of Defense (DOD), Office of Management and Budget, General Services Administration (GSA), Corps of Engineers, Department of the Interior, Department of Justice, Congress, and finally the executive branch. The extent of the participation by any one of the departments is determined by the nature of the problem requiring a decision;.... [Ref. 1: p. 233]

The allocation of land as a valuable resource is the subject of much controversy. The participants involved in the decision making process respond to the rules and regulations within an institutional system based on individual incentives. Since these participants are making decisions for the federal government, the outcome of the decision should not be based on personal incentives. If these incentives do, in fact, impact on the decision makers and different results are desired, "...the system should be altered to generate appropriate incentives for the participants in the decision making process" [Ref. 1: p. 234].

The problem of determining the optimal amount of land to be "controlled" by the Federal Government has been the



subject of much investigation throughout the years. "Control means the possession of rights to direct the use of the property. Land rights may be acquired through: (1) donation, transfer, purchase with or without condemnation, (2) lease, (3) either temporary or permanent withdrawal of public domain lands, (4) temporary use permits (public land order or executive order), (5) easements, and (6) foreign rights" [Ref. 1: p. 234].

There are 2,271.3 million acres of land in the United States. The Federal Government owns 744.1 million acres of that, which is approximately 32.7% of total land [Ref. 2: p. 2]. "...Department of Defense is not a significant user of land compared with other governmental agencies..." [Ref. 1: p. 234]. Department of Defense land holdings in the United States consist of approximately 32 million acres of land and improvements, which is 4 percent of land held by all federal agencies [Ref. 3].

The Administration of President Reagan has attempted to identify solutions to reducing the national debt. Congressional hearings by the Committee on Government Operations conducted February 25, 1982 discussed management of real property assets of the United States. Federal Government land was recognized as a source of revenue which could be applied to the reduction of the national debt. Testimony was given by Representatives Larry Winn of Kansas and Kenneth Kramer of Colorado. Representative Kramer quoted



statistics from a GAO report of December 1981 that he had personally requested GAO to prepare. The request was issued to identify real property "that would not only yield the most revenue but 'do justice' to existing uses" [Ref. 2: p. 1]. The five issues to be addressed included the following:

- Total Federal land in the United States, broken down by agency and state
- Kind of land held by each agency and current utilization
- Approximate market value of land owned by each federal agency
- Possible revision of existing regulations concerning the sale of Federal land
- Future uses of funds obtained through the sale of excess land.

The General Accounting Office did not pursue the issues to the depth originally requested due to constraints on time and available resources. The GAO report indicated that the GSA inventory as of September 30, 1979 stated that the Federal Government owned 24,520 installations in the United States, consisting of:

- 744.1 million acres or 32.7% of all land  
(2,271.3 million acres)
- 405,147 buildings
- \$52.3 billion (acquisition cost) worth of structures and facilities. [Ref. 2: p. 2]



Table 1 identifies "Percent of Land Owned by the Federal Government in the United States" [Ref. 2: p. 10]. Table 2 identifies the "Value of Real Property Owned by Various Military Branches as a Percent of Total Defense Property in the United States," 1978 [Ref. 2: p. 27]. The report emphasized that, "The Government does not attempt to establish the market value of Federal real property. Instead, the property is generally accounted for on the basis of acquisition cost" [Ref. 2: p. 3]. In 1979, the total recorded acquisition cost of federal real property was \$104.9 billion; however, 684.3 million acres (92% of the 744.1 million acres was public domain, which is carried on the books at no cost [Ref. 2]. "Public domain or public lands are those which never left government ownership or which have reverted to federal ownership through operation of the public land laws (laws or statutes passed by Congress concerning administration of public lands as well as the waters of the outer Continental Shelf" [Ref. 1: p. 237]. The total recorded cost of \$104.9 billion included: \$9.7 billion for land, \$42.9 billion for buildings and \$52.3 billion for structures and facilities. Various groups and committees have attempted to place a more current value on federal real property. In 1972, the House Committee on Government Operations estimated the current value of public domain land to be \$29.9 billion. The Advisory Commission on Intergovernmental Relations estimated the 1978 value of federal real property (public domain





TABLE 1

## Percent of Land Owned by the Federal Government

<u>States</u>	Acres (in Millions)		Percent Federally Owned
	<u>Federally Owned</u>	<u>Total in States</u>	
Alaska	333.4	365.5	91.2
Western	358.9	752.9	47.7
S. Atlantic, S. Central, D.C.	28.9	561.2	5.1
Northeastern, N. Central	22.3	587.6	3.8
Hawaii	0.6	4.1	14.6
TOTAL	744.1	2,271.3	32.7

Total U.S. = 2,271.3 Million Acres (100 Percent)  
 Federally Owned = 744.1 Million Acres (32.7 Percent)

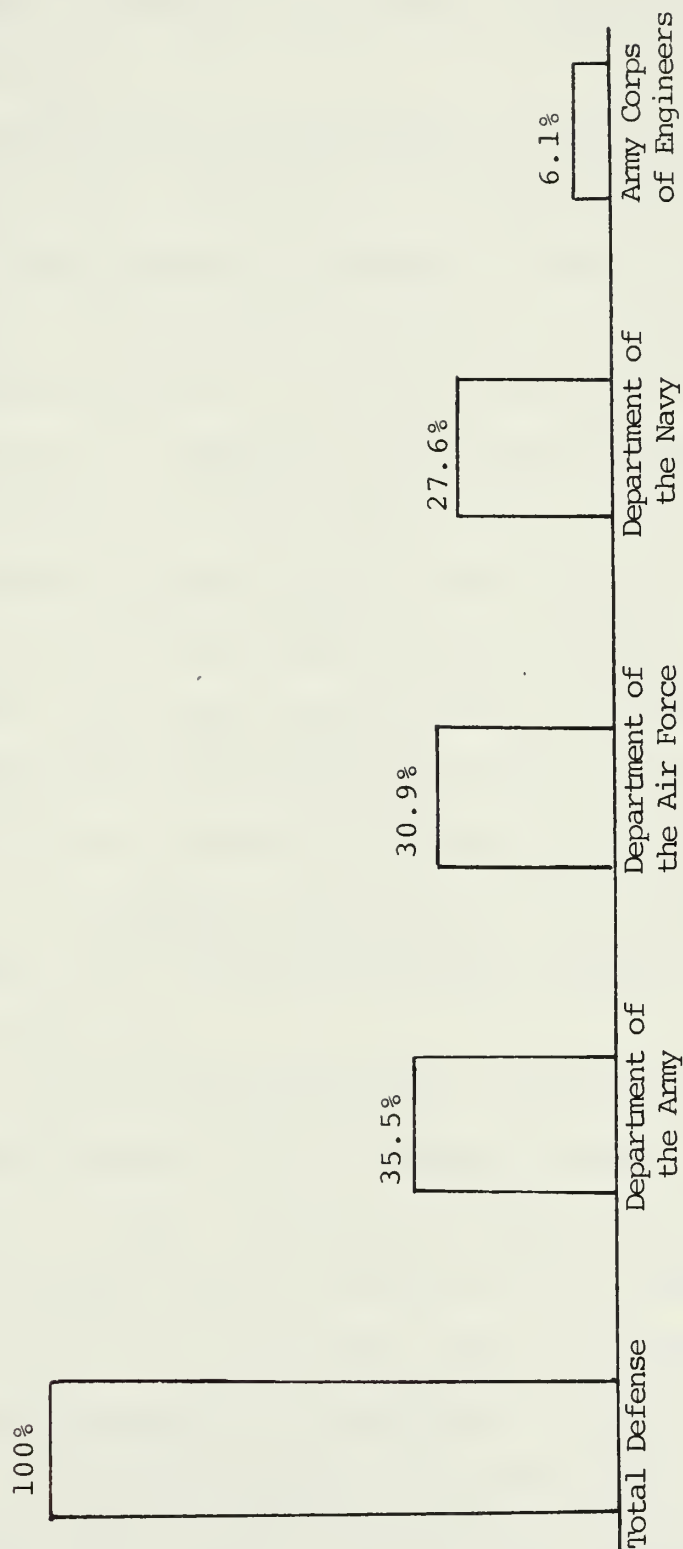
Source: General Services Administration



TABLE 2

Value of Real Property Owned by Various Military Branches

Value of Real Property Owned by Various Military Branches as a Percent of Total Defense Property in the United States, 1978



Source: "Payments in Lieu of Taxes on Federal Real Property," ACIR, Sept. 1981, p. 119.



land excluded) at \$279 billion [Ref. 2: p. 3]. Table 3 identifies "Statement of Receipts by Source, Fiscal Year 1979" [Ref. 2: p. 40].

It was concluded that the new Presidential Administration was proceeding in the right direction in identifying Federal real property assets as a source of revenue. Senator Percy, who was presiding over the hearings commented: "...the \$1 billion-plus in excess property is only the tip of the iceberg--just one-quarter of 1 percent of the property owned by the Federal Government, not even counting the public domain lands. Federal agencies are sitting on a gold mine of property that they do not really need but have not been willing to part with." He cited examples which included Department of Defense prime land holdings in Hawaii; valuable land owned by the Food and Drug Administration in Beltsville, Maryland; and high value property owned by the USDA's Agricultural Research Center, also in Beltsville, that they use for appearance purposes [Ref. 4].

On exactly the same day as the Hearings, which were on "Management of Federal Assets" began, President Reagan signed Executive Order (E.O.) 12348. An Executive Order is defined by Webster as "a regulation having the force of law issued by the President of the U.S. to the army, navy, or other part of the executive branch of the government" [Ref. 5: p. 462]. E.O. 12348 directed federal government agencies to survey all property under their control and to identify





TABLE 3

## Statement of Receipts by Source

Fiscal year	Source					
	Sales of public land and materials	Sales of timber	Fees and commissions	Mineral leases	Outer Continental Shelf leases	Miscellaneous*
May 20, 1785 - June 30, 1880.....	\$76,923,581	.....	\$13,471,437	.....	.....	\$208,059,857
1881-1890.....	21,312,029	.....	9,152,920	.....	.....	8,873,661
1891-1900.....	64,777,706	.....	16,074,789	.....	.....	3,027,577
1901-1910.....	27,940,144	.....	14,734,586	.....	.....	13,242,241
1911-1920.....	6,734,345	\$787,589	7,537,400	\$78,371,588	.....	23,580,948
1921-1930.....	1,334,320	4,289,226	7,173,853	44,602,550	.....	6,636,922
1931-1940.....	884,513	8,800,421	1,944,753	50,792,727	.....	5,813,130
1941-1946.....	1,332,915	15,910,633	875,772	95,415,072	.....	11,457,439
1947-1950.....	23,462,788	208,631,073	9,075,890	615,668,922	\$434,731,179	14,090,979
1951-1960.....	28,798,311	478,508,668	36,265,491	1,093,760,048	2,917,726,546	107,926,288
1961-1970.....	2,013,823	70,663,296	5,351,278	135,241,084	1,050,549,370	214,394,232
1971.....	1,941,520	83,518,703	4,086,965	129,824,066	279,352,756	25,303,256
1972.....	1,797,933	104,642,478	6,791,187	133,408,962	3,955,577,016	27,896,419
1973.....	2,055,637	127,775,072	12,460,437	252,797,918	8,748,394,120	34,183,006
1974.....	20,281,349	108,154,928	18,275,360	302,621,580	2,427,965,140	42,316,010
1975.....	5,761,063	130,840,684	18,356,851	320,849,069	2,662,447,775	52,674,367
1976 transition period (7/1-9/30/76).....	1,490,772	87,007,633	6,158,539	63,092,049	1,311,118,829	11,287,050
1977.....	2,816,124	235,297,905	26,791,090	315,133,478	2,372,984,091	55,031,963
1978.....	1,609,366	195,393,391	31,813,475	368,800,778	2,259,308,176	65,962,698
1979.....	9,239,954	218,208,408	39,730,131	446,019,825	3,276,375,733	62,385,329
Total, fiscal years 1971-1979.....	49,007,541	1,341,503,506	170,825,113	2,468,788,749	26,344,073,006	402,144,407
Grand Total.....	302,489,203	2,065,948,514	278,947,705	4,445,398,854	29,696,530,731	1,019,247,481
						\$208,059,857
						8,873,661
						3,027,577
						13,242,241
						23,580,948
						6,636,922
						5,813,130
						11,457,439
						12,762,201
						127,625,371
						1,399,496,150
						4,769,454,292
						1,287,867,794
						525,093,572
						4,230,113,995
						7,177,666,190
						2,919,614,365
						3,191,929,619
						1,460,154,872
						3,008,054,651
						2,923,887,884
						4,051,959,380

Source: "Public Land Statistics, 1979" BLM, pp. 158-159.



property that was not being fully utilized. This under-utilized property would be declared excess and sold to obtain revenue for the Federal Government [Ref. 6]. "Excess property" is defined as "any property under the control of any Federal agency which is not required for its needs and the discharge of its responsibilities, as determined by the head thereof" [Ref. 7].

#### B. FEDERAL PROPERTY DISPOSAL

E.O. 12348 referenced the "Federal Property and Administrative Services Act of 1949." This Act was passed "to simplify the procurement, utilization, and disposal of Government property, to reorganize certain agencies of the Government, and for other purposes" [Ref. 7]. It regulates the Federal Land Management Program, charging GSA with the responsibility of disposing of excess Government land. There are three steps in the disposal process: (1) Once land has been declared excess by one federal agency, GSA has traditionally offered it to another federal agency free of charge. Recent policies have changed that procedure in that federal agencies are now required to pay fair market value for another agency's excess property. This new policy will be discussed in Chapter III [Ref. 8]. If no federal agency wants the property, it is declared surplus and offered for bidding to the state government where it exists. The Federal Property and Administrative Services Act defines surplus property as



"any excess property not required for the needs and the discharge of the responsibilities of all Federal agencies, as determined by the Administrator" [Ref. 7]. (3) If neither state or local governments bid for the property, it is made available for sale to the general public. These processes will be discussed in greater detail in Chapters II and III, as well as complications that often arise during the transactions [Ref. 2].

### C. PRIOR EXECUTIVE ORDERS ON PROPERTY DISPOSAL

The Federal Property and Administrative Services Act of 1949 directs each Executive Agency to maintain adequate inventory controls and continuously survey its property to identify any property that could be declared excess and, to immediately report that property to GSA [Ref. 7].

Subsequent to this regulation, various Presidential Executive Orders have been implemented in an attempt to reinforce effective and efficient real property management.

#### 1. E.O. 11508

E.O. 11508, implemented by President Nixon in February 1970, was the first land reform policy to examine unneeded Federal real property. Each Executive agency was directed to institute a complete survey of all property under the agency's control and report to GSA, within sixty days, the utilization status of surveyed property [Ref. 9: Sec. 1].

GSA was charged with establishing uniform standards and procedures for the identification of excess property,



and the Heads of other Executive agencies were expected to conform to these standards. GSA was also directed to conduct ongoing surveys of real property holdings of all Executive agencies and report to the President any property that could be declared excess [Ref. 9: Sec. 2].

A Property Review Board was established to review excess property reports of GSA and to make recommendations for alternative property use. The Board was expected to pay close attention to conflicting claims and make recommendations to the President for the resolution of these conflicts [Ref. 9: Sec. 3].

A progress report by President Nixon's Property Review Board of July 1972 related the first comprehensive account of the Board's activities since its establishment in 1970. It summarized events leading to implementation of E.O. 11508 and subsequent establishment of the Property Review Board. The report described Administration Property Management Objectives as well as problems encountered and corrective action taken [Ref. 10]. The report summarized the situation as follows:

For nearly two centuries, the Federal Government has been accumulating real property on a piecemeal basis, without coordinated planning or central management or meaningful inventory control.

The problem was further complicated by the maze of inconsistent property statutes which had developed over the years and by the diverse administrative practices which had evolved within the land-holding Government agencies.

The primary function of the Property Review Board is to consider disputes over the use of specific





parcels of Federal Property and advise the President as to the disposition that promises the greater public benefits.

Generalizing from its practical experience with these property management cases, the Board had studied the common problems which emerge, developed new guidelines, and recommended more effective management procedures for the Executive Branch.

The problem has been a long time accumulating and it is resistant to change. A continuing substantial effort is necessary to bring it under control. But the results to date are concrete and encouraging.

After two and a half years of the President's Property Management Program, the Board sees definite potential from the application of modern, computerized inventory techniques to the Federal Property problem; it notes substantial progress in the development of better social and economic standards for land use; and is particularly encouraged by the Government's success in converting underutilized property into parks, recreation areas, and wildlife reserves.... [Ref. 10: p. V]

Prior to implementation of E.O. 11508, President Nixon had formed a task force to examine Federal property utilization and the statutory means for Federal property acquisition. The review disclosed many problems that

...had gone unchecked for decades until they had gradually reached the acute stage. It was apparent that many thousands of acres of Federal Real Estate throughout the country were being managed wastefully, while other vast areas were unnecessarily fenced off, their enjoyment denied to the American people to whom they belong. During the years, numerous laws had been passed in attempts to promote better utilization of Federal properties. But the primary responsibility for implementing and enforcing these regulations had usually been left to the Head of each agency holding property.... [Ref. 10: p. 2].

The PRB report described the review process of possible excess Property subsequent to implementation of E.O. 11508. Once land has been identified, GSA communicates



with the holding agency. If the Review reveals questions of utilization, GSA conducts a field survey and submits a utilization report to the holding agency for comment. GSA then negotiates with the holding agency to determine whether the land should be retained. If an agreement cannot be reached, the issue is referred to OMB for comment and then submitted to the Property Review Board. The Board considers the merits of each case and proposes its recommendations to the President. The President then makes a determination of whether to retain the property or declare it excess [Ref. 10: p. 7].

Once the property is declared excess, the normal GSA disposal procedures take place. The excess property is first offered to other Government agencies. If no Government agency has a requirement for the land, the property is considered surplus and is made available to state and local Governments. State and local Governments may request surplus land for parks, recreation, health, education, wildlife conservation, historic monument, or airport use. If no requirement exists, the land is proposed for sale to the public. Proceeds of the sale go to the Interior Department's Land and Water Conservation Fund for the purpose of acquiring and developing new park and recreation lands [Ref. 1].

In conjunction with E.O. 11508, President Nixon established the "Legacy of Parks" program February 8, 1971.



The program was intended to assist state and local governments in providing parks and recreation areas for all Americans to enjoy. In support of the "Legacy of Parks" program, the Property Review Board "...concentrated much of its energy on identifying underused Federal property in locations close to where people live which can be converted to park and recreation uses" [Ref. 5: pp. 10,11].

To accelerate the "Legacy of Parks" program, President Nixon asked Congress to appropriate \$300 million to the Land and Water Conservation Fund. This additional appropriation would not only contribute to the acquisition of land for National parks but was intended to be used to assist state and local governments by providing grants for the acquisition of land for parks and recreation areas. By June, 1972, more than one million acres, at 7500 separate locations, had been acquired for park and recreation facilities [Ref. 5: p. 12].

Prior to the "Legacy of Parks" program, land was available "if purchased" at fifty percent of market value. Because of this requirement, most local communities did not purchase Federal land for recreation purposes.

To correct this unfortunate situation the President asked Congress to enact legislation permitting Federal lands to be transferred to state and local park jurisdictions at a discount of up to 100 percent of fair market value. [Ref. 10: p. 13]

This legislation was passed and signed by President Nixon October 22, 1970 and "laid the foundation for the 'Legacy of Parks'" [Ref. 10: p. 13]. In citing accomplishments from



February 1970 to July 1972, the PRB report stated that the "Legacy of Parks" program had made available for park development, 144 properties (20,463 acres), valued at \$98,163,695 [Ref. 10: Annex A].

The report also commented on steps to restrict future acquisition of Federal real property. Another interesting proposal was a bill pending that "would establish a fund to relocate Government installations and facilitate the disposition of underutilized Federal property" [Ref. 10: Annex A-2].

## 2. E.O. 11724

In July 1973, President Nixon signed Executive Order 11724, which established a Federal Property Council and abolished the Property Review Board. The Council consisted of the Director of OMB; Chairman, Council of Economic Advisers; Chairman, Council on Environmental Quality, and other members as so specified by the President. The purpose of the Council was to "Develop and review Federal real property policies with respect to their relationship to other policies and to the objectives of the Executive Branch of the Government and recommend to the President such Federal real property policies or reforms of policies as it deems necessary..." The Council was also expected to receive GSA reports and make recommendations to the President on conflicting claims. The duties of the Council appeared to be similar to those of the Property Review Board [Ref. 11].





3. E.O. 11954

By Executive Order 11954, signed by President Ford January 7, 1977, the Federal Property Council was "reconstituted" and was directed to perform the same duties as previously stated under the Nixon Administration [Ref. 12].

4. E.O. 12030

In December, 1977, President Carter implemented Executive Order 12030, which terminated the Federal Property Council. The Order directed the Director of Office of Management and Budget to

...Review Federal Real Property policies and the objectives of the Executive Branch of the Government; and shall review the reports made by the Administrator of General Services...as well as other reports relating to resolving conflicting claims on, and alternate uses for, any property described in those reports, consistent with laws governing Federal real property. The Director shall submit such recommendations and cause reports to be submitted to the President as may be appropriate. [Ref. 13]

D. IMPLEMENTATION OF EXECUTIVE ORDER 12348

Executive Order 12348 was signed by President Reagan February 1982. The Order established a PRB which had similar prescribed duties as the PRB established under the Nixon Administration. However, Board membership varied somewhat from the previous PRB. Designated as Board members were Counsellor to the President; Director, Office of Management and Budget; Chairman, Council of Economic Advisers; Assistant to the President for Policy Development; Chief of Staff and Assistant to the President; Assistant to the President for



National Security Affairs and other members as so designated. E.O. 12348 directed more involvement from the PRB than was expected under E.O. 11508 of 1970. In addition to duties expected under E.O. 11508, the new PRB was to "establish for each Executive agency annually the target amount of its real property holding to be identified as excess and submit such recommendations and reports to the President as may be appropriate [Ref. 6: Sec. 2F,2G]. GSA was also directed to consult with the PRB on the development of uniform standards to be followed in the report of excess property [Ref. 6: Sec. 4]. Prior to any conveyance of property for public benefit, GSA was directed to consult with the Board for guidance [Ref. 6: Sec. 6].

Within 60 days of the date of E.O. 12348, each Executive agency was directed to report to GSA and the PRB any property that was not being used or not being put to optimum use [Ref. 6: Sec. 3B]. This prompted a series of directives to be issued within the Department of Defense: (1) Assistant Secretary of Defense Report on the DOD-wide Survey of Management and Disposal of Real Property dated 2 March 1982; (2) Secretary of the Navy Memo dated 3 June 1982; (3) Assistant Secretary of Defense (MRA&L) memo of 3 November 1982; and (4) Assistant Secretary of Defense (MRAL) memo of 10 March 1983.

Assistant Secretary of Defense Report on the DOD-wide Survey of Management and Disposal of Real Property responded



to a request from Secretary Weinberger to conduct a survey "to evaluate the effectiveness of Defense policies and controls for identifying and reporting real property that is excess to valid and approved Defense requirements" [Ref. 3]. The report identified approximately 194,000 acres (2 percent of DOD land surveyed) as potential excess property.

...The release of significant Defense real property holdings for disposal sales would require major changes in Defense policies and criteria on property utilization and retention, and base realignment actions involving selected Defense installations. Current market value should be considered in decisions relating to the retention and disposal of Defense real property. A high priority should be placed upon validation of the mission need for retaining selected Defense properties located in major urban and resort areas with high real estate values. [Ref. 3]

The report Executive Summary stated that Department of Defense land holdings in the United States consisted of about 32 million acres of land and improvements. The total acquisition cost of land, buildings and other improvements was about \$59 billion. The report mentioned President Reagan's efforts to "redirect the primary emphasis of the Federal real property disposal program from donations to public sales" [Ref. 3: p. 1]. The report also stated:

...From 1970 to 1976, Defense and GSA utilization survey teams reported most of the major Defense installations and identified about 1.4 million acres of excess Defense real property...Not all of the potential excess candidates identified by these survey teams were reported to GSA for disposal due to Congressional actions, subsequent changes in land-use requirements, and inaction by management...since 1970, the net reduction in Defense real property holdings amount to about 1 million acres. [Ref. 3: p. 2]



The report revealed that OMB had, for the most part, not functioned as an arbitrator in conflicting claims between GSA and Military departments [Ref. 3: p. 3]. As previously mentioned, OMB had been designated to perform this function by President Carter's E.O. 12030 of December 1977 [Ref. 13]. Therefore, it had been approximately four years since any board or department had performed in this capacity.

A significant decline in the identification of excess property by Defense and GSA survey teams since 1977 was attributed to "...the abolishment of the Federal Property Council in 1977..."; the lack of incentive for installation commanders to identify excess property; and the expense involved in the decontamination process [Ref. 3: p. 3].

The report revealed that utilization surveys had not been conducted in compliance with DOD Directive 4156.6 which required annual surveys by each installation to determine excess property [Ref. 14]. Reasons given were lack of personnel; unclear implementing service regulations; and the fact that there had been no change in use of the property since the prior survey [ref. 3: p. 3].

The auditors identified about 194,000 acres that warranted further review by Defense property experts to determine if the property should be declared excess. The 194,000 acres consisted of 147,000 acres controlled by 3 Corps of Engineer districts....An additional 223,000 acres identified as excess in prior utilization surveys were still retained by the Services as of January 1982... [Ref. 3: p. 4].

The report further stated:

Major changes in Defense policies and criteria for land use could free up significant land holdings for





review and possible disposal action. These include:

- Sale of land fronting on public highways
- Increased reliance on the rights of eminent domain to satisfy certain mobilization requirements
- Improved scheduling of Reserve and National Guard training exercises
- Elimination of property held for morale, welfare and recreation purposes when other public or commercial facilities are available at a reasonable price. [Ref. 3: p. 4]

Office of the Secretary of the Navy memo dated 3 June 1982 commented on the suggested policies and criteria proposed for change by the DOD-wide survey report.

Unquestionably, releasing significant real property would require major changes in policy and criteria on property utilization, retention and base realignments. The Navy requires ports and support facilities which naturally are located in some of the most desirable coastal areas of the country. Similarly, air stations for carrier based aircraft and Marine bases to support the Marine amphibious mission must be located in coastal areas that have become highly urbanized since World War II. Alternative sites for these functions are limited, and certainly can not be acquired without major capital investment.

The sale of land fronting on public highways cannot be justified when it is composed of narrow perimeter parcels requiring extensive expenditures to avoid compromising security. The natural boundaries selected for installation perimeters minimize the threat of encroachment from surrounding communities and often provide critical buffer zones of significant benefit to both the activity and to adjacent communities.

The morale and welfare of our personnel is a critical factor affecting the Navy Department's capability to meet its increasing commitments. Adequate morale, welfare, and recreation facilities enhance the quality of life for all our personnel and their families. An adequate amount of varied recreational facilities to support a vigorous on base recreation program is a vital asset to the training, readiness, cohesiveness, and health of the Navy and Marine Corps personnel they serve. [Ref. 15]



Assistant Secretary of Defense memo of 3 November 1982 was forwarded to the Assistant Secretaries of the Army, Navy, and Air Force to inform them of pilot surveys to be conducted at three military installations by the Office of Assistant Secretary of Defense, Manpower Reserve Affairs and Logistics (OASD, MRA&L). The memo provided a schedule for survey visits and a composite survey approach. The memo provided a thorough "check list" of questions to be answered and advance requirements of the survey teams. Each Service was also directed to conduct an additional survey during January 1983 and report recommendations to DOD. The memo further stated "...responsibility for surveying excess DOD property thus far has been placed on DOD and the Military Departments" [Ref. 16].

Assistant Secretary of Defense (MRA&L) memo of 10 March 1983 informed the Secretaries of the Army, Navy and Air Force that E.O. 12348 property surveys schedules for FY 83 were being forwarded to the PRB. Responsibility for conducting property surveys at the 75 identified installations was "hereby" assigned to the Military Departments. Precise guidelines, survey format, and a timetable were included to ensure consistency in DOD. The memo recognized that "the assignment of the property survey responsibility to the Military Departments does impose a significant unprogrammed and unfund resource demand for personnel and travel" [Ref. 17]. Tables 4-6 identify the installations surveyed in FY 83.



TABLE 4

## Army Installations To Be Surveyed--1983

ARMY

<u>INSTALLATION</u>	<u>STATE</u>	<u>SURVEY DATES</u>
Fort Richardson	Alaska	21-23 June
Redstone Arsenal	Alabama	28-29 June
Fort Baker East	California	3 May
Los Alamitos	California	15-16 September
Oakland Army Terminal	California	7-8 June
Fitzsimons Army Hospital	Colorado	12-15 July
Fort Sheridan	Illinois	19-23 September
Rock Island Arsenal	Illinois	25-26 August
Fort Benjamin Harrison	Indiana	27-29 April
Fort Meade	Maryland	27-29 July
St. Louis Area Support Center	Missouri	22-23 September
Fort Hamilton	New York	12-15 July
Fort Wadsworth	New York	12-15 July
Defense Construction Support Center	Ohio	21-22 October
Camp Bullis	Texas	26-28 January
Fort Douglas	Utah	19-20 October
Cameron Station	Virginia	24 May
Fort Belvoir	Virginia	6-8 December



TABLE 5

## Navy Installations To Be Surveyed--1983

<u>INSTALLATION</u>	<u>STATE</u>	<u>SURVEY DATES</u>
NSS Brown Field	California	16 May
MCB Camp Pendleton	California	17 June
NPB Coronado	California	17 May
NSY Hunters Point	California	19 April
OLF Imperial Beach	California	18 May
NSY Mare Island	California	12 October
NAS Miramar	California	19 May
NAS Moffett Field	California	20 April
NPG Monterey	California	14 October
NSC Oakland/Alameda	California	11 October
NS Treasure Island	California	21 April
MCA Tustin	California	28 June
NSS Nebraska Avenue	District of Columbia	12 April
NAS Cecil Field	Florida	19 July
NAS Jacksonville	Florida	20 July
NTC Great Lakes	Illinois	28 July
NSA New Orleans	Louisiana	12 October
NSWC White Oak	Maryland	15 March
NAEC Lakehurst	New Jersey	15 November
Philadelphia Navy Complex	Pennsylvania	13 September
- Shipyard		
- Naval Station		
- Medical Center		
NSC Norfolk & Craney Island Fuel Terminal	Virginia	6 July
NSA Seattle	Washington	6 December
NAS Whidbey Island	Washington	9 June
OLF Coupeville	Washington	10 June





TABLE 6

## Air Force Installations To Be Surveyed--1983

<u>AIR FORCE</u>		
<u>INSTALLATION</u>	<u>STATE</u>	<u>SURVEY DATES</u>
Eielson AFB	Alaska	27 June-1 July
Elmendorf AFB	Alaska	27 June-1 July
Luke AFB	Arizona	9-13 January 1984
Gila Bend Aux. Field	Arizona	9-13 January 1984
Williams AFB	Arizona	9-13 January 1984
George AFB	California	9-17 May
Los Angeles AFS	California	9-17 May
March AFB	California	9-17 May
Mather AFB	California	12-17 December
McClellan AFB	California	12-17 December
Norton AFB	California	9-17 May
Travis AFB	California	12-17 December
Vandenberg AFB	California	9-17 May
Lowry AFB	Colorado	18-28 April
Peterson AFB	Colorado	18-28 April
U.S. Air Force Academy	Colorado	18-28 April
Eglin AFB	Florida	17-23 July
Mac Dill AFB	Florida	17-23 July
Tyndall AFB	Florida	17-23 July
Andres AFB	Maryland	27-30 March
Hanscom AFB	Massachusetts	15-19 August
North Truro AFS	Massachusetts	15-19 August
St. Louis AFS	Missouri	19-21 October
St. Louis Storage Facility	Missouri	19-21 October
Nellis AFB	Nevada	13-18 June
Pease AFB	New Hampshire	15-19 August
Charleston AFB	South Carolina	12-17 September
Myrtle Beach AFB	South Carolina	12-17 September



TABLE 6 (CONT.)

<u>INSTALLATION</u>	<u>STATE</u>	<u>SURVEY DATES</u>
Shaw AFB	South Carolina	12-17 September
Bergstrom AFB	Texas	14-22 November
Brooks AFB	Texas	14-22 November
Kelly AFB	Texas	14-22 November
Randolph AFB	Texas	14-22 November
Hill AFB	Utah	13-18 June



This chapter has provided a brief description of the Government's land management program and the process of excess property disposal. Background information on the regulations and Presidential Executive Orders directing real property disposal actions has been addressed. The foundation has been established which introduces distinct problems, controversial issues, and public perceptions/misperceptions. These issues will be discussed within Chapters III and IV.



### III. OBJECTIVES, INCENTIVES, AND PERCEPTIONS OF PARTICIPANTS

The objectives, incentives, and perceptions of participating organizations and individuals have significant impact on the Federal property disposal process. Interaction, communication, and relationships between these organizations and individuals can directly effect the outcome of property disposal actions. The objectives of Executive Branch officials, as related to specific Executive Orders will be discussed in Chapter III. The incentives of various individuals at different DOD organizational levels will be analyzed in relation to costs and rewards produced by the system. Public perceptions/misperceptions are often created by procedures within the system and often direct the course of action to be followed. Public influence impacts on Congressional objectives and incentives as well as other political influences in the environment. General Services Administration, the regulator of the Federal Land Management program, is tasked with certain responsibilities in the accomplishment of its mission. These requirements, combined with changing Executive priorities, result in a series of complicated, bureaucratic procedures. Though the focus of this thesis is on DOD Federal property disposal, the objectives and incentives of other Federal agencies often interact with DOD actions and affect the decision making process.





## A. DEPARTMENT OF DEFENSE OBJECTIVES

In the book, Defense Management, an article by Minasian discusses the decision making processes involved in land utilization for defense purposes. He stresses the importance of rewards and costs associated with the rules, regulations, and laws involved in these processes. Minasian states that "...the nature of the outcome of decision making should not be related to individuals in their capacity as decision makers...." He proposes that the system be changed to "...generate appropriate incentives for the participants in the decision making process..." [Ref. 1].

Minasian discusses alternative ways of acquiring and disposing of land rights in conjunction with incentives associated with these alternatives.

The costs and rewards of a given decision depend on the alternative chosen....An acquisition of land rights creates money expenditures in the case of a purchase or a lease, but not when withdrawal, donation, or transfer is involved. The cost of a military project employing land as a resource depends upon the method used in acquiring the additional land.

Minasian discusses the impact of appropriation requirements on the decision makers. There is a limited amount of money available, and competition for these funds exists between other federal agencies and DOD as well as between the military departments within DOD [Ref. 1].

The Commander of a base or post has little incentive for identifying land to excess. If he could exchange unused land under his jurisdiction for other land, resources, or



money he would have "transferable rights." As discussed in Chapter I, the process of property disposal does not recognize "transferable rights" of an individual Commander. The land can be transferred to other federal agencies or local governments through specific procedures, but not exchanged. Therefore, the value of the land to the individual Commander is recognized only when the land is utilized at his level. The alternative uses for the land have no direct benefit to him. If a commander's performance was judged by his efficiency in managing land under his control, he would have more incentive to ensure the most effective utilization of the land. In reality, the reverse is true. A commander's importance is normally judged by the amount of land and facilities under his control [Ref. 1].

The alternatives of land use available to the Secretaries of the military Departments within DOD vary from those of the individual commander. A Secretary of a military department may reassign excess land of one command to another command with a requirement. Minasian mentions "transfers for return" of land as an alternative available at this level. He states that these situations are so cumbersome and costly that they are seldom considered as an alternative. The incentive remains to maintain land resources within the individual service. He discusses future requirements of the land to accomplish the military department's mission and the acquisition costs involved in repurchasing the land or a suitable substitute.



If the military department releases land that is currently not being fully utilized, it may not be possible to replace that resource at a future date. Military Department Secretaries must consider future mission changes and mobilization requirements [Ref. 1]. Even though certain procedures and clauses can be included to revert land to a military service if mobilization necessitates, use of the land as a resource could have been altered to interfere with mission accomplishment. This factor supports the incentive to retain the land within the military department.

#### B. EXECUTIVE OFFICIAL OBJECTIVES

As discussed in Chapter I, various Presidential Executive Orders have been implemented within the past 15 years that reflect incentives and objectives of the originating Executive officials. President Nixon's objective with E.O. 11508 was to identify land that could be given to the American people for parks and recreational purposes. He proposed that the land should belong to the people and that they should have the opportunity to fully enjoy it. He realized that there was much underutilized land owned by the federal government and that it could be better utilized in the capacity of local community parks [Ref. 10]. These incentives were stated but he could have had other political incentives in mind as well. A large program such as the "Legacy of Parks" certainly did not go unnoticed. By emphasizing the objective of giving the land to the people, he could be trying to gain their favor and votes.



President Carter's objectives and incentives in establishing the Property Review Board with E.O. 12030 are not apparent but he could have had other priorities in mind and preferred to transfer administrative expertise to other areas [Ref. 13].

President Reagan's incentives in implementing E.O. 12348 are quite apparent. One of President Reagan's primary goals has been to "balance the budget." In order to accomplish this, he must attempt to reduce the \$1.4 trillion national debt. With E.O. 12348 President Reagan proposed to identify excess government property that could be sold, with proceeds from the sales applied to the national debt. Another incentive for the disposal of excess government property is the public perception of government land management. The public receives the majority of its information from the news media. There has been much criticism of the government's land management program from the news media within the past several years.

### C. PUBLIC PERCEPTIONS

The U.S. Government has been accused of being inefficient, bureaucratic, and political in determining necessary land to retain, acquire, and finally dispose. An eight month investigation by The Philadelphia Inquirer resulted in a series of articles, published in May 1982, which presented countless incidents of waste, fraud, and abuse connected with the Federal Government's land management program. It accused the U.S. Government of:





...costing the taxpayers billions of dollars by acquiring land it did not need, by holding on to property it does not use, by delaying for years the disposal of land when it finally decides to let go and by giving away thousands of properties it could sell....There is no federal land management policy. There is only a labyrinth of laws that tend to benefit specific interests rather than the public interest's laws that encourage political interference and pork-barrelling every step of the way, from acquisition to management to eventual disposal--or more commonly, non disposal--of land. [Ref. 18]

The Inquirer cited various examples of inefficiency in determining property to acquire. In 1977, within weeks of his appointment by President Carter to head the GSA, Jay Solomon decided that the Government should purchase Nashville's vacant and deteriorating train station. His idea was to rennovate the station for Federal office space. GSA property-management experts disagreed with Solomon's determination for additional Government office space. After studies confirmed the lack of need for additional space, GSA gave the city, free of charge, a federal office building one block away from the train station. Solomon's justification for acquiring the vacant train station was (1) concern that the Government take an active role in rennovating historic downtown structures and (2) the property was free. The rennovation project is expected to be completed in 1985 with a projected cost to the taxpayers of \$7 million [Ref. 18].

In the 1960s, the Federal Government condemned and purchased all of the homes in Lola, North Carolina, which consisted of about two dozen homes belonging to about four



large families. The Navy took thirty one acres of waterfront property to build a radio station for the Atlantic Fleet. The Navy spent \$384,108 on a hurricane resistant radio tower, a couple of barracks, and dining facility. The station was closed and declared excess by the Navy less than two years later. New technology in satellite communications system conversion to satellite was in progress at the same time the Lola station was being built, and according to a Government property specialist, Lola's workload during the conversion could have been carried by other Navy radio towers along the coast. Rapid technology changes and communication breakdown within military agencies was given in defense of the action [Ref. 18].

In March 1974, the Government acquired the Chet Holifield Federal Building in Laguna Niguel, California, in a property swap with Rockwell International Corporation. Rockwell, a major Defense Contractor wanted to exchange the \$20 million valued building for two plants and equipment (appraised value \$27 million) owned by the Air Force in Los Angeles. After three investigations by a House Committee, GSA, and GAO, it was concluded that a misunderstanding and a flawed appraisal were responsible for the \$7 million difference. The investigations also revealed that GSA had acquired the Laguna Niguel building without establishing a need for it and without having firm commitments for the use of the space. An official from the Office of Management and Budget (OMB) had written



a memorandum two years before the acquisition calling the building a "white elephant," that Rockwell had been unable to sell on the open market after its own needs had expired with the cancellation of an Air Force contract. In addition, a survey of the building done July 16, 1973 by the Department of Housing and Urban Development discussed high property values in the area and the hardship on low and moderate income employees working there. The Environmental Protection Agency impact study reported the lack of public transportation in the area, causing an increase in auto commuters, and further degradation of air quality. GSA had so much trouble finding tenants for the building that in 1975 it held an "open house" to generate interest. The building was originally designed to house about 7500 employees, with three cafeterias, and also had an adjacent parking area with 6200 spaces. Today, the building is about one third in use, the elevators have been dismantled and the huge parking lot is virtually empty [Ref. 18].

The Inquirer criticized the Federal agencies for viewing their properties as "individual fiefdoms" and maintaining agency domains [Ref. 18].

- The United States military owns 1500 acres of valuable land on Oahu, Hawaii's eastern coast. It is known as Bellows Air Force Base but is used as a vacation spot for active and retired military. The runways were closed in 1958 and only about 30 airmen live on the base.



- The Navy maintains 250 acres on Chesapeake Bay for recreation, including beach houses, campsites and a 129-slip marina.

- In Myrtle Beach, S.C., the Air Force owns 24 acres of valuable property which has considerable commercial potential. The Air Force insists that it needs the land to add to the existing recreation area.

- In the early 1970s the Coast Guard abandoned installations on the Islands of Egmont Key, Florida, Presque, Michigan and Plum Island, Wisconsin. These are all prime development properties that Government property experts have recommended over and over again to the Interior Department that they be developed for access to the public or given up. The Interior Department has done nothing.

- The Social Security Administration destroyed two dozen homes on Baltimore's western limit in the late 1960s so that a new building could be built. Instead the building was built downtown, but the Social Security Administration refuses to part with the land.

- Fort Sheridan on Lake Michigan has housed only administrative offices since the Fifth Army moved out in the 1970s. The Army concluded at the time that it should be declared excess but the miles of valuable lakefront property and the eighteen-hole golf course remain in the federal inventory.

- The Forest Service acquired a five-acre parcel of land just off Puget Sound in Seattle in 1967. The land was to be used for a research lab but Congress has refused each year





since then to appropriate construction funds. The Forest Service admitted that the parcel was too small and is inconveniently located. However, the \$1 million property remains in the federal inventory.

- The Army Corps of Engineers owned a "transient military personnel" facility on the southern tip of Miami Beach, overlooking Biscayne Bay. After a GSA property specialist was sent there on a scouting visit in 1971, it was revealed that this personnel facility was a guest cottage for military brass. GSA conducted a formal survey in 1976 and recommended that the land be declared excess, but it took two more years and the sanction of the Carter Administration for the Pentagon to give it up in 1978 [Ref. 18].

The Inquirer discussed problems related to the Government's leasing policy. Rather than part with prime real estate or let it go unused, the U.S. Government leases certain property to other governments, companies, and individuals [Ref. 18].

In 1974, after the closure of Ramey Air Force Base in Puerto Rico, the U.S. Government leased those 3000 prime acres to the Puerto Rican government. There are numerous problems associated with the former military base. Inside the base can be found "...thievery, vandalism, debauchery, conflicts of interest, illegal appropriation of federal funds, inappropriate political influence, illegal contracts, subcontracts and sub-subcontracts." Local businessmen have



subleased some of the homes on Ramey and are renting to students, cramming more than a dozen students in a three room structure and charging each as much as \$80 a month [Ref. 18].

The Inquirer states that Ramey is just one example of the lack of control the federal government has on monitoring the adequate and legal use of properties it has elected to lease. The government's leasing operations are usually founded in good intentions. Closed military bases are leased to keep the property from deteriorating until the government can sell the land or find an alternative use. Millions of acres of land are leased to private interests to produce income for the Treasury while retaining the land for the public good [Ref. 18].

The articles criticized the government's failure to police these leases. Tenants have been placed on somewhat of an honor system and have cheated on agreements and failed to comply with legal regulations. Resources have been drained from government land without payment. Tenants leasing land for oil, gas, and mineral interests have under-reported their income to the Interior Department, resulting in substantial loss in royalty payments to the U.S. Government. A Reagan administrative task force completed a study in 1982 disclosing a loss of \$650 million from those tenants in one year alone. Even when full royalty payments are received by the government for oil and gas leases, the



government is receiving less than private landowners charge for similar leased properties. Estimates have shown that if the government charged the same price for its oil and gas producing lands as private landowners, \$100 million more would be brought into the Treasury each year [Ref. 18].

The government also loses approximately \$2 billion more each year because there is no charge to individuals or corporations who mine "hardrock minerals" such as gold, silver, copper, lead and other metals on federally owned land [Ref. 18].

The government's 24 million acres of leased timberland has resulted in the loss of millions of dollars each year because of theft. Motorcycle gangs have even used portions of the land for "paramilitary training." In 1979 approximately \$150 million worth of marijuana was grown illegally in three national forests in California [Ref. 18].

Congress has passed bills that create lease agreements for decades at a time. Southern California Edison and San Diego Gas and Electric have a 60 year agreement that allows use of 84 acres on Camp Pendleton Marine Base for a nuclear power plant. The Navy's 180 acre fuel oil depot in Puerto Rico was leased to three large oil companies under a 30 year agreement for \$10,000 a year. When the agreement expired in 1977, the government renegotiated the rent at \$767,000 a year [Ref. 18].

The Reagan Administration Task Force study called the government's rent-collection system on lands leased to



mineral interests a "severe embarrassment and a serious national problem." The study also revealed that approximately 6 percent of oil stored on government lands has been stolen from tank farms and oil fields. The General Accounting Office has documented the inefficiency of the Interior Department's system of collecting royalties. Much of this inefficiency has been blamed on under-staffing and poor accounting methods [Ref. 18].

Once GSA finally convinces federal agencies to report property as surplus, the system is so complicated that property remains on the government's surplus list for an average of six years. Billions of dollars worth of property have been given away to communities to be used as parks, airports or, for educational purposes, and have instead been unused, misused, or abused. There are many land "losers" that, not only the government doesn't want, but no one else wants either. The list includes missile sites, parcels of land containing large concrete holes, ammunition depots and test ranges contaminated with toxic waste. Even once a buyer is found, the cumbersome system sometimes causes valuable property to be tied up in court for years [Ref. 18].

As previously mentioned, the first step in the GSA land disposal process is to offer the excess property of one federal agency to all other federal agencies. In the past, this property was given free of charge to the requesting agency. Following implementation of Executive Order 12348





and establishment of President Reagan's Property Review Board, a new policy was promulgated which requires federal agencies to pay fair market value for other agencies' excess real property. This policy was established to aid in eliminating the waste and misuse of transferred properties which had occurred previously [Ref. 18].

After all federal agencies have determined that they don't need excess property, the land is offered to any local government or nonprofit group that can find a public use for it. Under this "land donation" program the government has given away \$2 billion worth of property for parks, schools, hospitals, community centers and airports . The Inquirer . stated that the inadequate monitoring system has resulted in much of the valuable property being unused or misused. Land which was originally donated for an airport in California is now being drilled for natural gas. Land donated for a park in Johnson County, Kansas has been undeveloped for eight years. Two historic sights in New York worth \$10 million were donated to the city but are now in the hands of private businessmen [Ref. 18].

Many federal lands declared surplus by agencies are "land losers" and difficult to sell. One Pentagon official stated, "I'm in the business of getting rid of land that not only the Pentagon doesn't want, but nobody else wants either." One example is Frankford Arsenal in Philadelphia which was closed in 1977. The government first tried to find a way



to compensate Philadelphia for the loss of 3400 civilian jobs. Then, while trying to negotiate the disposal of the 110 acre property, contamination was found on the site. The Army spent \$8 million on decontamination. The property was then appraised by GSA and offered for sale to the city of Philadelphia for \$7.9 million. The mayor counter-offered: one dollar. Explanation of the offer was based on an appraisal by the city which showed the property had a negative worth of \$2.3 million because of the high cost of destroying or renovating buildings on the site. During the complex negotiations the Army spent \$11 million on military salaries and emergency repairs to maintain the site. In June 1982, GSA terminated negotiations with the city and offered the land for sale to the public [Ref. 18].

Another federal property that has been extremely difficult for GSA to dispose of is the helicopter landing pad that President Nixon had built next to his Key Biscayne retreat in 1969. The federal government paid the state of Florida \$15,000 for underwater land and another \$450,000 was spent to build the helipad. The retreat was sold in 1976, two years after President Nixon resigned, and GSA was now tasked with disposal of the helipad. GSA followed normal procedures in offering the property to other agencies first and then to local groups, but "no one needed a concrete slab in Bsicayne Bay." The structure was located in a neighborhood where homes sold for over \$250,000 and had become a



problem for residents because of the attraction for vandals and drug parties. GSA considered demolishing the helipad but decided not to do so because of the \$40,000 cost. In 1981, GSA held a public sealed bid sale and received thirty-eight bids. The bid was awarded to a real estate broker for \$87,500. Shortly after, suit was filed in court from the individual who had bought the Nixon retreat. He claimed the helipad property was his. These actions caused the transaction to be tied up in court along with the initial investment made by the broker [Ref. 18].

The Inquirer relates the role of Congressional intervention in contributing to delays in the disposal process as well as to land misuse and abuse. In New York, a U.S. senator helped the city get a \$2.75 million federal archives building under a provision for preserving historical structures. The city leased it to a private developer who plans to make several million dollars by leasing and subleasing. In New Orleans, Congressman Herbert got the Navy to build a \$20 million hospital in his district. The hospital opened in 1976, was used 22 months and then closed because of poor utilization. It is now being leased to a private, "for profit" corporation. In Philadelphia, the U.S. Naval Home was closed in 1976 but not sold until 1982 because several local Congressmen intervened to keep the Labor Department from putting a Job Corps facility on the site [Ref. 18].

The Inquirer's criticism of the government's land management program continues with examples of detrimental



effects on the public. Bainbridge Naval Training Center in Port Deposit, Maryland was built by the government in the 1940s for a cost of \$50 million. When the Navy built the facility it bulldozed over the springs and filled in the reservoir which had always supplied Port Deposit with a natural, spring fed water supply. In 1943, the Navy promised to supply Port Deposit with 225,000 gallons of water daily from their water treatment plant. At that time the Navy also promised that if it ever left Bainbridge and discontinued use of the water plant that the sale of the facility would be used to restore Port Deposit's water supply. A base realignment order directed the Navy to leave Port Deposit in 1973. Everything was left to decay, including an olympic size swimming pool, barracks, roads, golf course, and an outdoor amphitheater. The Navy still pipes the promised water into Port Deposit. However, the aging plant is deteriorating and the quality of water is now poor. The town is eager to see the property sold to a developer but GSA procedures have resulted in years of bargaining with the state of Maryland and Cecil County. During this process the Navy has spent hundreds of thousands of dollars trying to find alternative water sources for the town. In December, 1981, Congress passed special legislation allowing GSA to bypass normal federal regulations, sell the 1260 acres, and use the proceeds to build a new water treatment plant. It was estimated by GSA that cost of the new facility would exceed proceeds from the sale [Ref. 18].





The Inquirer describes other victims of the land disposal system as those who gave up their land to the government under the laws of eminent domain. The government took 20 million acres of that land during World War II to be used for airfields, munitions and weapons plants, hospitals, and other facilities to support the war effort. Some owners donated their land, some were paid minimum amounts, and others were paid a fair price. Recognizing the sacrifices that these former owners had made, Congress gave them priority in getting their land back after the war ended. However, in 1949 the law was changed because certain Congressmen complained that former owners had repurchased improved properties for the original price of the land. When the government now decides that it no longer needs these properties, the former owners must follow the same outlined procedures as everyone else. The Pease Bill has been proposed to Congress which, if passed, would give former owners the chance to repurchase their land before it would be put up for sale publicly. There is much controversy in this area because of the fact that this law could favor a small interest group and prevent taxpayers from getting top dollar for these properties [Ref. 18].

The Inquirer reflects how many individuals and families have been effected by this bureaucratic process, and the inefficient method used by the Government in monitoring its land management program. In one situation, the owner of



government acquired property did not even know that his property had been taken by the government. In 1947, the government took 125.2 acres for a communication facility on Nantucket Island, Massachusetts. Twenty-six acres of that land belonged to an individual that was never notified. Even though the community had only 3500 residents and the individual was well known in the community, he never received notification that the government had taken his land. Evidently the Nantucket tax collector was unaware of the situation because he continued to send the tax bills, which the individual continued to pay for twenty years. It wasn't until 1967, when a routine title search revealed that the 26 acres belonged to the government. The former owner tried to find out what had happened to this land but the situation continued to become more complicated. In 1972 the land was declared surplus by the government. The former owner thought it only logical that he should get the land since he had never been paid for it as well as the fact that he had continued to pay the taxes. However, under the law passed in 1949, this former owner has no priority. The case was taken to court and ruled in favor of the Government [Ref. 18].

These examples of articles published by The Inquirer and possibly other newspapers as well, influence public opinion, which in turn influences decision makers in the land-disposal process. President Reagan's objective in selling high value government property to reduce the National



Debt could be viewed by the public as a remedy to problems related within The Inquirer articles. This favorable public reaction could be a definite incentive to the President and other Executive officials and impact on the land disposal decision making process.

#### D. CONGRESSIONAL INCENTIVES

Congressional incentives are influenced by public perceptions, service to constituents, and current administration policies and priorities. Congressional hearings reflect the impact of a number of variables on the decision making process. A hearing on "Management of Federal Assets" examined the disposal of surplus property as a result of President Reagan's initiative to reduce the national debt. Since this is a current administration priority it becomes a Congressional priority as well. The influence of public perceptions is indicated by testimony from Representatives Winn and Kramer. Service to constituents and loyalty to home state is supported by various newspaper articles.

A Congressional hearing on "Management of Federal Assets" provides evidence of public opinion influencing Congressional incentives. In Senator Percy's opening statement, he discussed the high national debt and the necessity for Congress to take action. He said that "two decades of reckless spending by the Federal Government" had resulted in unemployment and high interest rates. Previous solutions to control unmanageable Government spending had been to cut programs. He



discussed how the Government had failed to recognize the value of its real property assets as a source of income. He cited examples of valuable property that the Government could do without. He described the prime beachfront property on Waikiki Beach owned by the Defense Department and the high revenue that could be obtained by selling it. He compared the Federal Government to a private company, stating that when a business in the private sector gets into financial trouble it sells assets to obtain cash. He said that a company has incentive to do this whereas "there is no built-in incentive for the Federal Government to do likewise." Senator Percy was enthusiastic and optimistic about President Reagan's proposal to "sell approximately \$17 billion of property over the next 5 years" [Ref. 4: pp. 1-4].

Representative Winn's comment supports the influence of public opinion on Congressional incentives. He stated that

...it serves as an important statement to the American people that we are serious about living within our means. At a time when we are asking each and every American to sacrifice, it is absolutely crucial that the Government do the same and take the lead....We have very, very serious economic issues facing us. Interest rates are high; homebuilding is at a virtual standstill; unemployment continues to rise; and we are losing the faith of those people who mean so much to us--the American people. I have heard from numerous individuals who totally support the concept of selling surplus property as an excellent means of attacking waste and fraud. [Ref. 4: p. 6]

Testimony from Senator Kramer emphasized Representative Winn's comments and further revealed the influence of public opinion. He stated:





We have I think an obligation to do something about this heritage that we have left for future generations of Americans which is more in the nature of a mortgage than a heritage. A trillion dollar plus of national debt which has caused the prime rate to at times reach levels of 22 percent is obviously causing severe economic problems in this country...in returning the property to the private sector, we are going to stimulate economic development which in turn will mean more state and Federal income taxes. [Ref. 4, p. 8]

Senator Percy commented on the necessity to take a "hard look" at Department of Defense land holdings that are not essential to Defense operations. Representative Kramer replied with a recommendation to give all agencies "an incentive to be cooperative." He believed that by returning a certain percentage of the proceeds to the agencies the program would be more successful [Ref. 4: p. 11].

Congressmen have traditionally been accused of taking care of their home states. That doesn't seem too unusual since the people in those home states are the voters they represent. In a recent article by The Washington Post, Senator Paul Tribble Jr. of Virginia, was credited with saving Ft. Monroe from closing. The article mentions "wasteful" or "unnecessary" projects that are continued or expanded by Congressmen of the home state. In the case of Ft. Monroe, The Post stated that Tribble convinced the Pentagon that it would cost more to close Ft. Monroe and transfer the employees than the Government would save. The argument centered around an increased cost of \$30 million to search the moat surrounding the old Fort and the grounds for historic



artifacts. The post remained open and more than \$1 million was appropriated by Congress for new construction over the next three years [Ref. 19].

The variety of influences and controversial issues involved in the Congressional decision making process often result in complications and time delays. Congressional actions are based on compliance with continually changing administration priorities. The incentive to support the administration is also influenced by a loyalty to home state and constituents. As Congressional testimony indicated, there was an apparent desire to project to the American people the efforts of Congress and the Federal Government to eliminate wasteful spending and find solutions to current inflationary problems. Testimony in the hearing on "Management of Federal Assets" revealed a consensus of all present of the necessity to sell excess government property to reduce the national debt. However, this consensus becomes clouded when an individual Congressman's home state is identified as a source of excess property disposal. Each Congressman feels compelled to protect his home state and provide the best service to his constituents. If these constituents desire to retain the property, the Congressman feels compelled to exert his influence in support. These same constituents are part of the Public reading the newspaper articles which criticize the Federal Land Management Program. All participants agree that excess property should be sold as long as there is no effect on them personally.



## E. GSA INCENTIVES

GSA incentives and objectives are influenced by Presidential Administration priorities, GSA administration priorities, Congressional incentives, other federal agency actions, and public perceptions. These incentives and program accomplishments will be discussed in greater detail in Chapter IV. Prior to implementation of E.O. 12348, GSA had less incentive to sell excess property. In fact GSA had previously distributed a publication to the public which detailed procedures for obtaining excess government property free of charge [Refs. 20,21].

GSA has changed administrators at least seven times in the last ten years. Negative perceptions of waste, fraud and abuse within GSA influence incentives of the current GSA Administrator as well as those of the Presidential Administration, Congress, and the Public. These negative perceptions also influence the cooperation of other federal agencies to assist in GSA mission accomplishment. A Congressional hearing on "Fraud, Abuse, and Mismanagement within GSA" describes management problems in GSA which contributed to a history of internal corruption. Various witnesses testified in support of these corruption accusations. This hearing was a continuation of previous hearings on the same subject and was conducted to determine whether or not there had been improvements within the past three years [Ref. 22].

The incentives and objectives of participants involved in the Federal property disposal program directed by



Executive Order 12348 have been briefly addressed. The incentives of each participant impact on those of the other, creating a circle of confusing, complicated actions, reactions, misperceptions and unnecessary delays. As previously mentioned, DOD has no incentive to release land under its control. There is Congressional concensus that the Presidential initiative to sell excess land is necessary; however home state favoritism impacts on Congressional decisions. These Congressional incentives are influenced by their constituents. These constituents are the American public who read the newspaper articles on waste, fraud, abuse and poor management within the Federal Government. These perceptions influence actions of the Presidential Administration. GSA, the regulator of the federal land management program, is influenced by all of these participants and their continually changing incentives and interactions with each other. GSA is also guided by its own mission and current policy constraints, which will be described in Chapter IV.





#### IV. PROGRAM RESULTS AND ONGOING ISSUES

##### A. GSA ACCOMPLISHMENTS

The Government's Land Management Program has thus far been the subject of much criticism. GSA's bureaucratic process of surplus property disposal has resulted in delays averaging six years. President Reagan's Executive Order 12348 was implemented to examine this process while identifying surplus government property that could be sold for revenue and applied to the National Debt. With the new land reform policy, GSA was to coordinate with the federal agencies and the Property Review Board, with expectations of producing greater efficiency and visible, profitable results.

GSA's Office of Real Property has actively sought to achieve President Reagan's initiative to "improve Federal real estate asset management and accelerate the disposal of unneeded property so that it can be returned to productive use under local jurisdiction and control." Significant policies and procedures were developed to increase effectiveness and efficiency in the disposal program, resulting in FY 83 being the most "productive and successful year in the history of the program." Disposals were increased tremendously while program costs were minimized [Ref. 23].

Many significant changes occurred in GSA Office of Real Property in FY 83 which contributed considerably to support



of President Reagan's land reform policy. The most important improvement was the acquisition and integration of computer capability to monitor property disposal operations as well as maintain an accurate property inventory [Ref. 23].

The organizational effectiveness of the offices responsible for disposal operations resulted in significant FY 83 sales accomplishments:

- (1) Former Federal office building sold to San Francisco for \$17.4 million;
- (2) Auction sale of former Assay office in New York City for \$27,010,000;
- (3) Housing at former Ramey Air Force Base sold to Commonwealth of Puerto Rico for \$12 million;
- (4) Arsenal in Philadelphia sold to private development firm for \$3 million with historic preservation covenants;
- (5) Fuel storage depot sold to Commonwealth of Puerto Rico for \$19 million;
- (6) Air Force industrial facilities sold to General Electric for \$30.5 million.

Improved administrative procedures and program monitoring resulted in substantial increased productivity. When the Presidential initiative began in FY 82, 42 percent of excess and surplus properties had been in inventory for over 2 years. In FY 83 this figure was reduced to 29 percent with most of the properties being disposed in 6 months to a year [Ref. 23].



GSA program costs are paid from proceeds of real property sales. These funds are made available through Office of Management and Budget (OMB) of up to 12 percent of sales receipts during each year and are to be obligated only within the year they are approved. There must be sales receipts to support the expenditures in order for GSA to obligate the funds. This system is designed to prevent unnecessary spending [Ref. 23].

In support of President Reagan's land management objectives, GSA set specific goals which resulted in productive accomplishments for FY 83. Total real property disposals were increased over FY 82 by 105 percent (225 parcels in FY 82, valued at \$115.1 million versus 460 parcels in FY 83, valued at \$232 million). Total parcels sold increased 164 percent over FY 82 (150 versus 396), with sales proceeds increasing from \$81.9 million in FY 82 to \$191.3 million in FY 83. Federal transfers increased by 13 percent in number with an 86 percent increase in value. There were 30 transfers, valued at \$17.7 million in FY 82 and 34 transfers valued at \$33 million in FY 83. Discount conveyances decreased by 33 percent in number and 54 percent value from FY 82. Executive Order surveys increased 75 percent over FY 82. GSA performed 104 and holding agencies conducted 99. Acres reported excess increased by 314 percent with a value increase of 845 percent over FY 82. Real Property inventory was decreased by 14 percent in properties with a value decrease



of 42 percent. At the end of FY 82 there were 546 properties valued at \$765 million. In the current inventory there are 468 properties with a value of \$441 million [Ref. 23].

Table 7 provides a summary of Office of Real Property accomplishments for FY 83. Table 8 identifies real property inventory from FY 79 to FY 83. Table 9 summarizes Executive Order Surveys conducted from FY 70 to FY 83.

Certain problem areas were identified by GSA that "impact on excess and surplus transfer and disposal operations as well as retard the implementation of the Presidential initiative."

(1) "Decline in value of disposable property inventory"

The estimated value of real property inventory dropped significantly from FY 82 to FY 83, mainly due to the intensive and successful efforts to sell high value properties at an accelerated rate. The properties in the current inventory are valued much lower than those in the inventory at the end of FY 82.

(2) "Reluctance of agencies to report properties excess"

GSA perceives that agencies have not emphasized the Presidential initiative to the fullest and have not developed adequate survey procedures necessary to identify all excess property. The agencies' reluctance to do so could be very detrimental to the continued success of this initiative.





TABLE 7

Office of Real Property (GSA)  
Regional Summary (FY 83)

	<u>Transfers</u>	<u>Discounts</u>	<u>Sales</u>	<u>Total</u>
Region 1	1 - \$2.1	5 - \$ .8	55 - \$37.6	60 - \$40.5
Region 4	5 - \$3.5	5 - \$2.4	69 - \$11.3	79 - \$17.2
Region 5	6 - \$ .5	3 - \$ .3	54 - \$ 9.0	63 - \$ 9.8
Region 7	7 - \$20.1	2 - \$ .04	83 - \$ 4.6	91 - \$24.7
Region 9	8 - \$5.4	7 - \$1	45 - \$53.5	60 - \$59.9
Region 10	7 - \$1.5	8 - \$2.6	70 - \$10.2	85 - \$14.3
C.O.	-	-	20 - \$65.1	20 - \$65.1
Totals	34 - \$33.1 <sup>*</sup>	30 - \$7.1	396 - \$191.3	460 - \$231.5

\* Includes 11 Reimbursable Transfers value at \$3.8 Million, the proceeds of which are deposited into Miscellaneous Receipts.

Source: GSA (Office of Real Property)



TABLE 8

## GSA Inventory (FY 79-FY 83)

## INVENTORY

	<u>Properties</u>	<u>Value</u> <u>(\$M)</u>
FY 79	622	Not Available
FY 80	582	Not Available
FY 81	506	\$1,210
FY 82	548	\$ 765
FY 83	468	\$ 441

## NOTE:

No significant impact yet from the Executive Order 12348 surveys program in terms of inventory build-up. Unless this changes drastically, the sales goals cannot be achieved.

Average age of properties in inventory has decreased. Percent of cases over 2 years old has decreased from 42% at end of FY 82 to 29.5% at end of FY 83.

Properties have been reported by following holding agencies, expressed in terms of percent of value of total inventory:

Defense	70%
GSA	17%
All Others	13%

Source: GSA (Office of Real Property)



TABLE 9

## Executive Order Surveys (FY 70-FY 83)

<u>FISCAL YEAR</u>	<u>SURVEYS CONDUCTED</u>	<u>ACRES EXCESSED</u>	<u>VALUE</u>
1970	16	0	0
1971	124	6633	40,587,000
1972	306	9533	24,349,000
1973	294	58,851	59,327,000
1974	268	15,812	24,004,000
1975	227	4524	32,212,000
1976	110	66,489	52,438,000
TQ	21	247	10,426,000
1977	134	19,988	17,805,340
1978	200	827	5,262,000
1979	199	1897	6,226,302
1980	248	1992	16,428,222
1981	194	1886	8,706,400
1982	116	812	7,299,600
1983	104	3365	69,105,800
<hr/> TOTAL	<hr/> 2561	<hr/> 192,856	<hr/> 374,176,664

Source: GSA (Office of Real Property)



(3) "Disposal Holds"

External effects such as Congressional and legislative actions, title problems, native claims, contamination and other related issues have interfered with the disposal of 31 properties with a value of 102 million.

(4) "Negative and public reaction"

Disposal delays have been caused by negative pressures from Congressmen and private/public interest groups which have created controversies over long periods of time.

(5) "Appraisal contracting delays"

New competitive bidding contracting requirements extended the procurement process, but GSA is now in the process of implementing new organizational procedures to rectify this problem. [Ref. 23]

New Program initiatives were implemented during FY 83 in support of Executive Order 12348 and to treat land disposal problems which GSA had previously identified: (1) Private real estate brokers were used in the sealed bid sales process. Brokers were paid a "finders fee" by the Government of one percent of the first \$1 million and 1/2 percent of sales over \$1 million. Sales proceeds of \$12 million resulted in finders fees of \$78,032 for the year. (2) Public Auctions were increased as sales methods and were conducted primarily by Federal Real Property personnel. This process resulted





in estimated savings of \$2 million as compared to the cost of utilizing private sector auctioneer firms. Auctions generated proceeds of \$37.3 million during FY 83. (3) Public information availability and advertising concerning surplus real property was emphasized. Advertising firms were solicited to bid on advertising services to improve the quality of advertising and determine more efficient and effective methods for expanding market penetration [Ref. 21]. (4) In response to legal legislation to change appraisal procedures, GSA adopted an organizational change to facilitate these operations. Excess and surplus property functions were transferred from the Real Estate Division to the Disposal Divisions [Ref. 21].

A significant regulation change requires 100% reimbursement for transfers from one Federal agency to another. When one Federal agency declares real property excess to their needs, any other Federal agency requesting transfer of that property will be required to pay 100 percent of estimated fair market value. This regulation was implemented to encourage Federal agencies to examine their real property needs more thoroughly and to develop more meaningful utilization plans. An exception to this requirement can be authorized by the Administrator of GSA, with Director, OMB approval, in limited circumstances [Ref. 8]. Table 10 displays a summary of real property transfers, discounts and sales from FY 79 to FY 83.



TABLE 10

## Office of Real Property Disposal Summary (FY 79-FY 83)

	<u>TRANSFERS</u>	<u>DISCOUNTS</u>	<u>SALES</u>	<u>TOTAL</u>
FY 79	44 - \$31.0	131 - \$91.6	192 - \$44.7	367 - \$167.3
FY 80	43 - \$23.6	110 - \$37.3	196 - \$83.8	349 - \$144.7
FY 81	52 - \$36.8	110 - \$37.0	191 - \$46.1	353 - \$119.9
FY 82	30 - \$17.7	45 - \$15.5	150 - \$81.9	225 - \$115.1
FY 83	34 - \$33.1*	30 - \$ 7.1	396 - \$191.3	460 - \$231.5

## NOTE:

TRANSFERS - No significant change yet in number or value of Federal transfers as a result of reimbursement requirement. Management and quality have improved significantly.

The 100% reimbursement requirement went into effect on December 17, 1982. Since that date OMB has waived reimbursement on 5 transfers valued at \$4.7 million and has disapproved 6 waiver requests.

DISCOUNT - While the sale initiative has had somewhat of an impact on the declining number of discount conveyances, there are other major factors involved. In the 1970's discount conveyances were greatly emphasized, and local communities on a nationwide basis received a substantial amount of surplus property for public benefit purposes such as educational, health, park, and recreation, etc. Consequently, it is reasonable to assume some decline in the number of requests received.

SALES - The number of sales for FY 83 were approximately 164% above sales for FY 82. Most sales in history of program.

\* Includes 11 Reimburseable Transfers Valued at \$3.8 Million.

Source: GSA (Office of Real Property)



## B. SALE AND REPLACEMENT

Significant legislation was enacted by Section 807 of the FY 84 Military Construction Act to provide incentives to DOD agencies. This act allows the sale of real property under the control of a particular agency with proceeds of the sale applied to the cost of replacement facilities and relocation. This allows a command to move from one location to another as long as specific requirements of the act are met. The identified property cannot be public domain land or land that is required for park and recreation use. DOD is required to develop cost/benefit analyses which show that (1) the property will be sold for fair market value, (2) estimated proceeds of the sale exceed all costs of the transaction, and (3) activities to be performed at the replacement site must be similar to those performed at the original site. The DOD proposal then goes to the Department of the Interior for no more than 60 days for screening to ensure that the land is not suitable for a public park or recreation use. DOD then submits to Congress a detailed description of the proposal with a schedule of estimated expenditures and proceeds. Once approved by Congress, the transaction goes to GSA for sale. The GSA normal sales process then takes over. Once the property is sold, 95% of the profit goes to the Treasury. The other 5% is credited to the Department of Defense Facilities Replacement Management Account. This account is used for advance planning and expenses related to future similar projects [Refs. 24,27,28].



Several projects have been identified which meet these requirements and the transaction process is ongoing. There are no visible results to date because of the length of time required to complete the process and the fact that the approved legislation is so recent [Refs. 26,27].





## V. SUMMARY AND CONCLUSIONS

### A. SUMMARY

Executive Order 12348 was implemented by President Reagan February 25, 1982. The purpose of this order was to direct the sale of federal real property assets and to apply the proceeds of the sales to the reduction of the national debt. A Property Review Board was established to oversee the execution of this program and to provide guidance to GSA in the application of uniform standards to the individual agencies [Ref. 6].

A similar prior Executive Order was implemented by President Nixon in February 1970. The purpose of excessing federal real property was the same but the results differed in that the land was to be given away for parks and recreational purposes. This program was known as the "Legacy of Parks." During the "Legacy of Parks" period from February 1970 to July 1972, 144 properties (20,463 acres) valued at \$98,163,695 were made available for park development [Ref. 10: Annex A-2].

Executive Orders of this magnitude require the involvement of many participants. These participants have various objectives and incentives in relation to alternative actions. An order by the President requires the support of all reporting to him. The degree of support and enthusiasm is



influenced by the individual participant's mission objectives, perceptions, and personal incentives.

As previously discussed, there has been no incentive for DOD agencies to identify excess property for disposal. The reluctance of the individual commander to release land under his control is explained by the reduction of his authority and importance. The more land and facilities under his control, the more important he appears. The Secretaries of DOD agencies, as well, have had no incentive to release real property. Future mission requirements and possible mobilization may require the use of this property. If there is no gain from the release of the land then there is no incentive to let it go [Ref. 1].

Section 807 of the FY 84 Military Construction Act was enacted to provide DOD incentive to sell agency property for relocation purposes. This will possibly encourage agencies to relocate activities that are currently occupying high value property to other locations. This would allow the sale of high value property, obtain revenue for the Treasury, and return a small portion to the DOD Facilities Replacement Account. Current projects have been identified and are in the transaction process. The requirements of this act are very specific and limit the application. It has been recommended that these requirements be somewhat "liberalized" in subsequent legislation [Ref. 29].

The perceptions of the American public was discussed in Chapter III as related to the information they receive through



the news media. The influence of public perception on the various decision makers is supported by the numerous accounts of Congressional intervention on home state actions and support to small interest groups. Congressional hearings project the necessity of convincing the American public of the federal government's sincere efforts to reduce wasteful spending [Ref. 4].

President Reagan's E.O. 12348 has received much visible attention and active support. All DOD agencies immediately responded, utilizing internal resources. No additional funds or manpower was allocated for these new functions [Refs. 25,28]. GSA program results project the degree of support and accomplishments effected by GSA [Ref. 23]. Since the program is ongoing and there has been insufficient time for transactions to be completed, financial costs and benefits cannot be determined [Refs. 26,27,28].

## B. CONCLUSIONS

A substantial amount of land in the United States is owned by the federal government. Controversial issues arise out of determining the exact or optimal amount of land that should be retained. The incentives and objectives of the individual participants involved in competing for this land resource impact on the decision making process.

Public perceptions of waste, fraud, abuse and mismanagement in the Federal Government create the necessity for a



land reform program. The government's land management program and the regulator of this program (GSA) have historically been criticized by the news media. President Reagan's initiative to reform this program was prompted by these perceptions as well as the necessity to obtain revenue to reduce the national debt.

Other questions arise concerning the necessity for the Federal Government to own land at all, and whether or not transfer of this land to private ownership would produce desirable results. Complications arise when trying to determine the conceptual optimal allocation of U.S. land between private and public (government) ownership. Land is normally associated with depreciable capital, such as buildings and equipment. So, in reality, when government land is sold, there is more involved than the land resource alone. The sale of timber and mineral rights, as well, impacts on the land as a resource. Possible damage to the land could result in a future non-productive resource. These issues are beyond the scope of this thesis, but influence decisions concerning alternatives involved in land disposal actions.

The Reagan Administration has been very successful in generating action to deal with Federal land management problems and issues. The identification of excess and surplus government real property to obtain revenue has been the focus of this thesis. The necessity of identifying property that no longer serves in mission accomplishment is





related to future Federal land acquisitions as well. Excess and surplus property must be disposed of as efficiently as possible so that future requirements for land resources can be provided adequately. Improved technology and mission requirement changes create new land resource requirements. If the amount of Federally owned land is so substantial that new acquisitions cannot transpire, future mission accomplishment may suffer. The Federal Government currently leases substantial real property for government office space. The issue of real property management raises the question of whether or not it might be more cost effective to acquire that property in certain situations. This emphasizes the necessity of identifying real property that is excess to current needs in order to acquire additional property at some time in the future.

The incentives of the individual decision makers create controversial issues with sometimes less than optimal solutions. Graham Allison proposes in an article on the Cuban Missile Crisis, the existence of alternative decision models. He discusses the Bureaucratic Politics Model in relation to individual actors. These actors share the power to make decisions but have varying opinions as to required action to take. The actors individually focus on diverse issues and decide what action should be taken by the government through bargaining and compromise. In a situation as this, the optimal solution is not the chosen one [Refs. 31,32].



The incentives of the individual participants at the various bureaucratic levels of the land reform program impact on the accomplishment of obtaining the optimal results. With the varying influences and interactions between the participants it is extremely difficult to measure progress and to determine if the direction taken is correct. It is difficult to obtain an optimal solution when each participant has individual incentives that impact on his authority to make a decision for the government. This circle of confusion results in no decisions, the wrong decision, misperceptions about decisions made, or unnecessary time delays between actions.

Since the establishment of appropriate incentives is so vital to achieving the optimal solution, it might be necessary to alter certain rules, regulations, and procedures in order to produce these incentives. The one DOD incentive on Sale and Replacement, identified within this thesis, does not appear to provide much incentive to DOD agencies. This regulation could possibly be changed to provide more reimbursement to DOD or even to the individual DOD agencies. The specific requirements which limit the application of this act should be changed to encourage greater utilization. It is beyond the scope of this thesis to determine specific procedures and actions to pursue, but the Reagan Administration has introduced significant issues and has made considerable progress in identifying solutions to these issues.



## LIST OF REFERENCES

1. Alchian, Armen A., and others, Defense Management, Prentice Hall, Inc., 1967, pp. 233-265.
2. U.S. General Accounting Office, Numerous Issues Involved in Large-Scale Disposals and Sales of Federal Real Property, 11 December 1981, pp. 1-45.
3. Assistant Secretary of Defense Memo, Report on the DOD-Wide Survey of Management and Disposal of Real Property, 26 February 1982.
4. U.S. Congress, Senate, Committee on Government Affairs, Management of Federal Assets, 97th Congress, 2nd Session, 1983.
5. The Random House College Dictionary, rev. ed. (1980), s.v. "Executive Order."
6. Executive Order of the President 12348, Federal Real Property, 25 February 1982.
7. U.S. Congress, House, Federal Property and Administrative Services Act of 1949. Pub. L. 152, 81st Congress, 1st Session, 1949.
8. General Services Administration Federal Property Management Regulations, Vol. 47, No. 243, Subpart. 101-47.2, "Utilization of Excess Real Property," 17 December 1982.
9. Executive Order of the President 11508, Providing for the Identification of Unneeded Federal Real Property, 10 February 1970.
10. Executive Office of the President, New Directions in Federal Real Property Management, by Donald Rumsfeld, July 1972, pp. 1-32.
11. Executive Order of the President 11724, Federal Property Council, 25 June 1973.
12. Executive Order of the President 11954, Federal Property Review, 7 January 1977.
13. Executive Order of the President 12030, Termination of the Federal Property Council, 15 December 1977.



14. Department of Defense Directive 4165.20, Utilization and Retention of Real Property, 29 August 1958.
15. Secretary of the Navy Memo, Management and Disposal of Real Property, 3 June 1982.
16. Assistant Secretary of Defense Memo, Executive Order 12348 Real Property Utilization Surveys, 3 November 1982.
17. Assistant Secretary of Defense Memo, E.O. 12348 Surveys, 10 March 1983.
18. "The Wasted Acres," The Philadelphia Inquirer, 9-14 May 1982.
19. "Grace Panel Finds Pork Barrell Overflowing," The Washington Post, 10 January 1984, p. A-3.
20. Kerns, J.M., General Services Administration, Interview, 28 March 1984.
21. General Services Administration, How To Acquire Federal Real Property, 1981.
22. U.S. Congress, House, Committee on Government Operations, Fraud, Abuse, and Mismanagement Within GSA, 97th Congress, 1st Session, 1981.
23. General Services Administration, Office of Real Property, "Program Summary," FY83.
24. Asman, Marge, Naval Facilities Engineering Command, Interview, 29 March 1984.
25. Commander Kelly, Tin. Naval Facilities Engineering Command, Interview, 29 March 1984.
26. Buzalski, Ernest, Assistant Secretary of Defense (MRA&L), Interview, 30 March 1984.
27. Doyle, Pam, Assistant Secretary of Defense (MRA&L), Representative To Property Review Board, Interview, 30 March 1984.
28. Kreiser, Maval Facilities Engineering Command, Interview, 11 June 1984.
29. Nixon, Milton E., Fact Sheet: Sale and Replacement of Non-Excess Real Property, 28 October 1983.
30. Lovett, Pat, Army Corps of Engineers, Interview, 30 March 1984.





31. Goza, Joel L., The AV-8B Decision, Master's Thesis, Naval Postgraduate School, Monterey, California, 1982.
32. Allison, Graham T., "Conceptual Models and the Cuban Missile Crisis," The American Political Science Review, V. LXIII, September 1969, pp. 689-718.



INITIAL DISTRIBUTION LIST

	No. Copies
1. Defense Technical Information Center Cameron Station Alexandria, Virginia 22314	2
2. Library, Code 0142 Naval Postgraduate School Monterey, California 93943	2
3. Professor Paul M. Carrick, Code 54Ca Department of Administrative Sciences Naval Postgraduate School Monterey, California 93943	1
4. Professor Willis Greer, Code 54Gr Department of Administrative Sciences Naval Postgraduate School Monterey, California 93943	1
5. Lieutenant Commander Dawn McAnally Armed Forces Staff College Norfolk, Virginia 23511	1
6. Lieutenant Commander William Talutis Code 54Tu Department of Administrative Sciences Naval Postgraduate School Monterey, California 93943	1













208518

Thesis

M125

McAnally

c.1

Federal Land Manage-  
ment decisions related  
to Executive Order  
12348.

208516

Thesis

M125

McAnally

c.1

Federal Land Manage-  
ment decisions related  
to Executive Order  
12348.



thesM125

Federal Land Management decisions relate



3 2768 001 88680 7

DUDLEY KNOX LIBRARY